Subj: CGHRMS STATE INCOME TAX WITHHOLDING DATA ENTRY PROCEDURES

Ref: (a) Personnel and Pay Procedures Manual, HRSICINST M1000.2(series), State Tax Listing Pages 8-B-3 to 8-B-9

#### Introduction

The purpose of this E-mail ALPERSRU is to explain state income tax processing and provide guidance when establishing or changing state tax income withholding information in CGHRMS.

#### **Discussion**

The two charts in reference (a) are helpful in explaining withholding requirements and providing useful state address information. This E-Mail ALPERSRU is meant to supplement and add to, not replace, those charts.

The focus of this E-Mail ALPERSRU is to categorize states by their processing similarities and provide an understanding of how each category should be treated when establishing or changing a member's state income tax information in CGHRMS.

#### Category 1 --States With No Income Tax

The following states do not have a state income tax:

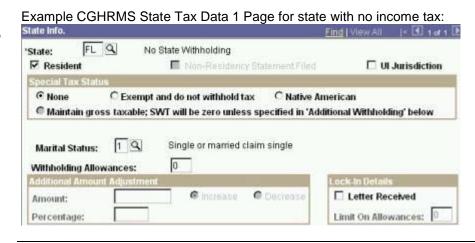
| Alaska (AK)        | South Dakota (SD) |
|--------------------|-------------------|
| Florida (FL)       | Texas (TX)        |
| Nevada (NV)        | Washington (WA)   |
| New Hampshire (NH) | Wyoming (WY)      |

#### **CGHRMS** procedures:

When establishing or changing state of legal residency to one of the above states, enter only State Code, ignoring Marital Status and Number of Exemptions fields. Their default values will not be passed to JUMPS.

Subj: CGHRMS STATE INCOME TAX WITHHOLDING DATA ENTRY PROCEDURES

Category 1 --States With No Income Tax (cont'd)



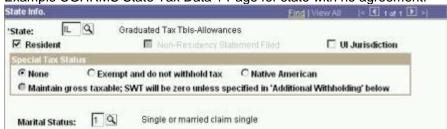
Category 2 --States That Do Not Have An Agreement to Withhold The following states (and U.S. Territories) have a state income tax but do not have an agreement with the Department of Treasury to withhold state income taxes from a military member's pay:

| Illinois (IL)      | American Samoa (AS) |  |
|--------------------|---------------------|--|
| Michigan (MI)      | Guam (GU)           |  |
| Tennessee (TN)     | Virgin Islands (VI) |  |
| West Virginia (WV) | -                   |  |

#### **CGHRMS** procedures:

When establishing or changing state of legal residency to one of the above states, enter only State Code, ignoring Marital Status and Number of Exemptions fields. Their default values will not be passed to JUMPS.

Example CGHRMS State Tax Data 1 Page for state with no agreement:



Subj: CGHRMS STATE INCOME TAX WITHHOLDING DATA ENTRY PROCEDURES

Category 3 --States With Military Exemptions The following states (and U.S. Territories) have a state income tax and have an agreement with the Department of Treasury to withhold state income taxes from a military member's pay, but have conditions which allow a member to claim exemption from paying those taxes. See reference (a) for an explanation of the required conditions.

| Arizona (AZ)     | New Jersey (NJ)                            |
|------------------|--|
| California (CA)  | New York (NY)                              |
| Connecticut (CT) | Oregon (OR)                                |
| Idaho (ID)       | Pennsylvania (PA)                          |
| Minnesota (MN)   | Vermont (VT)                               |
| Missouri (MO)    | Puerto Rico (PR)                           |
| Montana (MT)     | See E-Mail ALPERSRU Y/99 for special rules |

#### **CGHRMS** procedures:

When establishing or changing state of legal residency for a member who meets the exemption conditions, enter State Code and indicate "Exempt and do not withhold tax" in the Special Tax Status field on State Tax Data 1 page, ignoring the Marital Status and Number of Exemptions fields. Their default values will not be passed to JUMPS. No state wages or taxes will be reported to JUMPS.

When establishing or changing state of legal residency for a member who does not meet the exemption conditions, enter State Code, Marital Status, and Number of Exemptions. Special Tax Status block on State Tax Data 1 page must indicate "None".

Per <u>E-mail ALPERSRU P/00</u>, members who claim one of the above states (for Puerto Rico see special rules) are automatically subject to state income tax when they are stationed inside that state/territory. After a reporting endorsement processes in JUMPS, a CGHRMS tax event must be completed (either by member self-service or PERSRU) if the default values (single and zero) are not acceptable to the member.

Subj: CGHRMS STATE INCOME TAX WITHHOLDING DATA ENTRY PROCEDURES

Category 3 --States With Military Exemptions (Cont'd)



Example State Tax Data 1 Page, member not entitled to exemption: State Info. CA Q Graduated Tax Tbls-Allowances 'State: ✓ Resident Mr. Nun-Residency Statement Filed ☐ Ut Jurisdiction ♠ None C Native American C Exempt and do not withhold tax Maintain gross taxable; SWT will be zero unless specified in 'Additional Withholding' below Single or married claim single Marital Status: Withholding Allowances: Letter Received @ intresse @ Decrease Amount:

Category 4 --States With Agreements Percentage:

The following states have a state income tax and an agreement to withhold state income tax from a CG member's pay:

| Alabama (AL)              | Indiana (IN)   | Massachusetts (MA)  | Oklahoma (OK)       |
|---------------------------|----------------|---------------------|---------------------|
| Arkansas (AR)             | Iowa (IA)      | Mississippi (MS)*   | Rhode Island (RI)   |
| Colorado (CO)             | Kansas (KS)    | Nebraska (NE)       | South Carolina (SC) |
| Delaware (DE)             | Kentucky (KY)  | New Mexico (NM)     | Utah (UT)           |
| District of Columbia (DC) | Louisiana (LA) | North Carolina (NC) | Virginia (VA)       |
| Georgia (GA)              | Maine (ME)     | North Dakota (ND)   | Wisconsin (WI)      |
| Hawaii (HI)               | Maryland (MD)  | Ohio (OH)           |                     |

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Limit On Allowances:

Subj: CGHRMS STATE INCOME TAX WITHHOLDING DATA ENTRY PROCEDURES

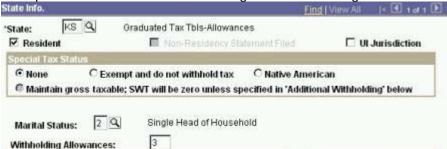
Category 4 --States With Agreements (cont'd)

### **CGHRMS** procedures:

When establishing or changing state of legal residency, enter State Code, Marital Status and Number of Allowances.

\* For residents of Mississippi, enter State Code (MS) and ignore the values in the Marital Status and Number of Exemptions fields. Enter a dollar amount in the Annual Exemption Amount block on State Tax Data 2 page.

Example CGHRMS State Tax Data 1 Page for State With Agreement to Withhold:



Example CGHRMS State Tax Data 2 Page, member resident of Mississippi:



Subj: CGHRMS STATE INCOME TAX WITHHOLDING DATA ENTRY PROCEDURES

Category 5 --Special State Tax Treatment for Native Americans ALPERSRU T/01 prescribes special procedures for eligible Native American service members who claim exemption from state tax withholding. Exemption is recorded by clicking the Native American tab in the Special Tax Status field on State Tax Data 1 page. The Marital Status and Number of Exemptions fields should not be completed; their default values will not be passed to JUMPS. No state wages or taxes will be reported to JUMPS.

Questions

Please direct all questions concerning CGHRMS functionality to the CGHRMS Help Desk at (785) 339-3540 (Menu option #1 for CGHRMS support) or by e-mail to <a href="mailto:hrsic-cghrms@hrsic.useg.mil">hrsic-cghrms@hrsic.useg.mil</a>

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